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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
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RANDALL'S ISLAND FAMILY GOLF : Case Nos. 00 B 41065 (SMB)
CENTERS, INC., et al., : through 00 B 41196 (SMB)
:
Debtors. : (Jointly Administered)
:
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NOTICE OF HEARING WITH RESPECT TO MOTION FOR ORDERS
AUTHORIZING AND APPROVING (A) THE AGREEMENT WITH
RESPECT TO THE DEBTORS' SALE, PURSUANT TO SECTION 363
OF THE BANKRUPTCY CODE, OF CERTAIN INVENTORY FREE AND
CLEAR OF LIENS, CLAIMS AND OTHER INTERESTS, (B) A
BREAK-UP FEE AS SET FORTH IN THE AGREEMENT,
(C) BIDDING PROCEDURES FOR THE SUBMISSION AND
ACCEPTANCE OF ANY COMPETING BIDS AND (D) THE FORM AND
MANNER OF NOTICE

PLEASE TAKE NOTICE that, on December 20, 2000, the
above-captioned debtors and debtors-in-possession (the "Debtors")
filed with the United States Bankruptcy Court for the Southern
District of New York their motion (the "Motion") for orders
authorizing and approving (A) the Agreement (as defined in the
Motion) with respect to the Debtors' sale, pursuant to section
363 of title 11 of the United States Code (the "Bankruptcy
Code"), of certain inventory free and clear of liens, claims and

other interests, (B) the Break-Up Fee (as defined in the Motion), (C) the Bidding Procedures (as defined in the Motion) and (D) the form and manner of notice.

PLEASE TAKE FURTHER NOTICE that a hearing (the "Procedures Hearing") to consider that part of the Motion seeking authorization and approval of (i) the Break-Up Fee and (ii) the Bidding Procedures, including requirements for incremental bids and overbids in connection with the Overbid/Sale Hearing (as defined below) and any objections thereto will be held on January 4, 2001, at 10:00 a.m., Eastern Time, before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that a hearing (the "Overbid/Sale Hearing") to consider that part of the Motion seeking authorization and approval of the sale of the Inventory pursuant to the Agreement, subject to a higher and better offer, and any objections thereto will be held on January 18, 2001, at 10:00 a.m., Eastern Time, before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that objections, if any, to that part of the Motion seeking authorization and approval of the Break-Up Fee and the Bidding Procedures must state the basis for the objection and be: (i) in writing; (ii) filed with the Court, and (iii) served upon: (a) Fried, Frank, Harris, Shriver &

Jacobson, One New York Plaza, New York, New York 10004, (Attn: Gerald C. Bender, Esq.), (b) the Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004 (Attn: Brian Masumoto, Esq.), (c) Berlack, Israels & Liberman, 120 West 45th Street, New York, New York 10036 (Attn: Erica M. Ryland, Esq.), (d) Morgan, Lewis & Bockius, 101 Park Avenue, New York, New York 10178-0060 (Attn: Scott D. Talmadge, Esq.) and (e) Kramer, Levin, Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022-3852 (Attn: Jack Hazan, Esq.), together with proof of service thereof, such that they will be received no later than January 3, 2001 at 12:00 Noon, Eastern Time.

PLEASE TAKE FURTHER NOTICE that objections, if any, to that part of the Motion seeking authorization and approval of the sale of the Inventory pursuant to the Agreement, subject to a higher and better offer, must state the basis for the objection and be: (i) in writing; (ii) filed with the Court, and (iii) served upon: (a) Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, New York 10004, (Attn: Gerald C. Bender, Esq.), (b) the Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004 (Attn: Brian Masumoto, Esq.), (c) Berlack, Israels & Liberman, 120 West 45th Street, New York, New York 10036 (Attn: Erica M. Ryland, Esq.), (d) Morgan, Lewis & Bockius, 101 Park Avenue, New York, New York 10178-0060 (Attn: Scott D. Talmadge, Esq.) and (e) Kramer, Levin, Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022-3852 (Attn: Jack Hazan, Esq.), together with proof of service thereof, such that they will be received no later than January 15, 2001 at

5:00 p.m., Eastern Time.

PLEASE TAKE FURTHER NOTICE that unless objections to the Motion are timely received, the relief requested in the Motion may be granted.

Dated: New York, New York
December 20, 2000

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11
	:	Case Nos. 00 B 41065 (SMB)
RANDALL'S ISLAND FAMILY GOLF	:	through 00 B 41196 (SMB)
CENTERS, INC., <u>et al.</u> ,	:	
	:	(Jointly Administered)
Debtors.	:	
	:	
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MOTION FOR ORDERS AUTHORIZING AND APPROVING
(A) THE AGREEMENT WITH RESPECT TO THE
DEBTORS' SALE, PURSUANT TO SECTION 363 OF
BANKRUPTCY CODE, OF CERTAIN INVENTORY FREE
AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND
OTHER INTERESTS AND EXEMPT FROM ANY STAMP,
TRANSFER, RECORDING OR SIMILAR TAX, (B) A
BREAK-UP FEE AS SET FORTH IN THE AGREEMENT,
(C) BIDDING PROCEDURES FOR THE SUBMISSION AND
ACCEPTANCE OF ANY COMPETING BIDS AND (D) THE
FORM AND MANNER OF NOTICE

TO THE HONORABLE STUART M. BERNSTEIN,
UNITED STATES BANKRUPTCY JUDGE:

The above-captioned debtors and debtors-in-possession
(the "Debtors"), for their motion (the "Motion") for orders
authorizing and approving (A) the Agreement (as defined below)
with respect to the Debtors' sale, pursuant to section 363 of
title 11 of the United States Code (the "Bankruptcy Code"), of
certain inventory free and clear of liens, claims, encumbrances
and other interests (collectively, the "Encumbrances") and exempt

from any stamp, transfer, recording or similar tax (collectively, the "Taxes"), (B) a break-up fee as set forth in the Agreement, (C) bidding procedures for the submission and acceptance of any competing bids and (D) the form and manner of notice, respectfully state as follows:

INTRODUCTION

1. By this Motion, the Debtors seek this Court's approval of an agreement (the "Agreement") dated December 20, 2000, by and between the Debtors and Schottenstein/Bernstein Capital Group, LLC ("SBCG"), pursuant to which the Debtors will sell to SBCG, subject to higher and better offers, inventory located at sites where the Debtors plan to terminate or scale down their retail operations (the "Inventory"). (A copy of the Agreement is attached hereto as Exhibit A.) The Inventory consists primarily of golf clubs, balls, apparel and related accessories and is located at the sites described on Exhibit B attached to this Motion. The Debtors seek authority to sell the Inventory free and clear of all Encumbrances, with all such Encumbrances in the Inventory and the proceeds thereof to attach to the amount which the Debtors receive for the Inventory pursuant to the Agreement. Furthermore, the Debtors seek authority to exempt the transfer of the Inventory pursuant to the Agreement from all Taxes.

2. In connection with the Debtors' decision to sell the Inventory pursuant to the Agreement, the Debtors also seek approval of a break-up fee (the "Break-Up Fee") and bidding procedures (the "Bidding Procedures") as set forth in such

Agreement and this Motion. In the Debtors' business judgment, the relief sought in this Motion will maximize the Debtors' recovery on its assets and, therefore, is in the best interests of their estates and creditors.

BACKGROUND

3. On May 4, 2000 (the "Filing Date"), each of the Debtors filed with this Court separate voluntary petitions for relief under chapter 11 of the Bankruptcy Code. By order of this Court dated as of the Filing Date, the Debtors' chapter 11 cases are being jointly administered. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors are continuing to operate their businesses and manage their properties as debtors-in-possession.

4. The Debtors operate golf, ice skating and family entertainment centers throughout North America. As of the Filing Date, the Debtors owned and/or operated 100 golf facilities and 17 ice skating and family entertainment centers.

5. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), in that it is a matter concerning the administration of the Debtors' estates. The statutory predicates for the relief requested in the Motion are sections 363 and 1146 of the Bankruptcy Code.

THE AGREEMENT

6. As described above, the Inventory is located at sites where the Debtors plan to terminate or scale down their

retail operations. Although many of the underlying businesses at these sites are performing satisfactorily, the attendant retail operations are not generating sufficient revenue to justify their continuation. In connection with the Debtors decision to terminate or scale down these retail operations, the Debtors believe that they will maximize profitability if they sell the Inventory to SBCG rather than attempt to sell such Inventory in the ordinary course, thus leaving the Debtors to concentrate their energies on the operation of their core businesses. To this end, the Debtors solicited bids from liquidators who would remove the Inventory from premises operated by the Debtors and sell such Inventory at other locations.

7. After soliciting those bids, the Debtors determined to accept the bid of SBCG, as embodied in the Agreement, and to seek approval of the SBCG bid by the Court, subject to higher and/or better offers.

8. Certain principal terms of the Agreement are described below:

- (a) Purchase Price. SBCG shall pay to the Debtors the sum of 23% of the aggregate retail value of the Inventory (the "Purchase Price"). In the event that the retail value of the Inventory is less than \$6,000,000, then the guaranteed percentage used to calculate the Purchase Price shall be reduced by .1%, on a pro-rata basis, for each \$50,000 below \$6,000,000. SBCG shall remove all Inventory from the sites where Inventory is located.
- (b) Inventory. For the purpose of calculating the retail value of the Inventory, an inventory shall be taken by a mutually agreed upon agent, the costs of which will be shared by the parties. The retail value of each

item of Inventory shall be based upon the lower of (i) the lowest authorized price offered to the public by any and all means from November 15, 2000 to the Closing Date (as defined in the Agreement), or (ii) the UPC or "scan" price except for (A) damaged, mismatched merchandise and incomplete sets which value shall be mutually determined by SBCG and the Debtors and (B) clearance and out of season merchandise which shall be valued at the lower of (x) the lowest retail price for which such item was offered to the public and (y) 50% of the original retail price.

- (c) Timing of Payments. SBCG shall pay 70% of the Purchase Price no later than one (1) business day after entry of an order by the Court approving the sale. The remaining balance shall be paid no later than one (1) business day following final reconciliation of the physical inventory report by the parties (the "Settlement Date"). In the event that it is determined, based on the final reconciliation, that there is a balance due SBCG, the Debtors shall refund such overpayment on the Settlement Date. All amounts are to be paid by wire transfer of funds.
- (d) Expenses. The Debtors and SBCG shall each pay 50% of the cost of a third party inventory service, with each party to bear its own costs (including legal fees and expenses) incurred in connection with the Agreement and the costs of its own representatives attending to the Inventory. SBCG shall reimburse the Debtors for the actual costs of the Debtors' employees used by SBCG to assist in the transfer of the Inventory.
- (e) Break-Up Fee: As a condition to proceeding with the transaction, SBCG has required a \$40,000 break-up fee and certain other buyer protections described herein.¹

¹ The Break-Up Fee is payable upon the closing of the transactions contemplated in the Agreement with any third party or upon termination of the Agreement under certain circumstances described in the Agreement.

9. The Agreement provides that the Break-Up Fee will be paid to SBCG in the event that a higher and better offer from an entity other than SBCG is accepted by the Debtors. In such event, the Break-Up Fee is payable within two (2) business days after the Debtors' closing with the successful third party bidder. Without the Break-Up Fee, the Debtors believe that there is a substantial risk that SBCG will not proceed with the Agreement.

BIDDING PROCEDURES

10. To ensure that maximum value is obtained for the Inventory, the Debtors propose that the following Bidding Procedures govern the submission of initial and subsequent overbids at the hearing scheduled by the Court to consider approval of the Agreement:

- (a) The initial overbid and any subsequent overbids must be on an "all cash" basis, and on substantially the same terms (as determined by the Debtors in their sole discretion) as the terms of the Agreement. If qualifying overbids are made, SBCG shall have the right, in its sole discretion, to submit its own and better bid in compliance with the bidding procedures herein;
- (b) The minimum initial overbid for the Inventory must be at least .70% higher than the Purchase Rate. Any subsequent overbid for the Inventory, to qualify as a higher and better offer, must be at least .10% higher than the previous qualifying bid;
- (c) The Debtors shall determine in good faith whether any particular overbid constitutes the highest and best bid for the Inventory. The highest and best bid, as determined by the Debtors in their sole discretion, in accordance with the procedures set forth herein and in the order approving the Bidding

Procedures, shall be submitted to the Court for approval immediately following the conclusion of the Overbid/Sale Hearing; and

- (d) All offers shall remain irrevocably open and subject to acceptance by the Debtors until a closing takes place. In the event a closing does not take place with respect to an offer accepted by the Debtors, the Debtors reserve the right to accept any other offer deemed by them to be the highest and best offer at that time.

RELIEF REQUESTED

11. By this Motion, the Debtors seek orders authorizing and approving (A) the Agreement with respect to the Debtors' sale, pursuant to section 363 of the Bankruptcy Code, of certain inventory free and clear of Encumbrances and exempt from any Taxes, (B) the Break-Up Fee, (C) the Bidding Procedures and (D) the form and manner of notice.

APPLICABLE AUTHORITY

A. The Break-Up Fee Set Forth in the Agreement Should be Approved

12. It is clear that break-up fees, such as the Break-Up Fee set forth in the Agreement, may be approved in a bankruptcy case. Approval of such fees should be granted as long as (i) the relationship between the parties is not tainted by self-dealing, (ii) the fee encourages rather than hampers bidding, and (iii) the amount of the bidding incentive is reasonable in relation to the size of the transaction. See Official Committee of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources, Inc.), 147 B.R. 650, 657 (S.D.N.Y. 1992), appeal dismissed, 3 F.3d 49 (2d Cir. 1993);

see also In re 995 Fifth Avenue Assocs., L.P., 96 B.R. 24 (Bankr. S.D.N.Y. 1989) (approving break-up fee). The Break-Up Fee in this case was negotiated at arm's-lengths and should be approved because (i) the relationship between the Debtors and SBCG is not tainted by self-dealing, (ii) the Break-Up Fee encourages rather than hampers bidding, and (iii) the Break-Up Fee is reasonable in relation to (a) the size of the proposed sale and (b) the work undertaken by SBCG and its professional advisors in investigating, negotiating and drafting the Agreement.

13. In the present case, the Break-Up Fee is approximately 3% of the Purchase Price of the Inventory. This percentage is of the same order of magnitude as break-up fees approved in other cases. See, e.g., Consumer News & Business Channel Partnership v. Financial News Network, Inc. (In re Financial News Network Inc.), 980 F.2d 165, 167 (2d Cir. 1992) (noting without discussion \$8.2 million breakup fee on \$149.3 million transaction (5.5% of consideration offered)); Cottle v. Storer Communications, 849 F.2d 570, 578-79 (11th Cir. 1988) (approving \$29 million fee on \$2.5 billion transaction, 1.16%); see also LTV Aerospace & Defense Co. v. Thomson-CSF, S.A. (In re Chateaugay Corp.), 198 B.R. 848, 861 (S.D.N.Y. 1996) (enforcing \$20 million "reverse breakup fee" payable to debtor on \$450 million offer (4.4% of consideration)). Cf. In re Twenver, Inc., 149 B.R. 954 (disapproving of proposed topping fee which exceeded 10% of total bid). The Debtors believe that the Break-Up Fee is necessary to induce SBCG to proceed with the sale under the Agreement, subject to higher or better offers, and to effectively

"establish a bid standard or minimum for other bidders to follow." Integrated Resources, 147 B.R. at 662.

14. The offer extended by SBCG for the Inventory is at the high end of what the Debtors expected to receive for such Inventory. Thus, in the event that SBCG were not to proceed with the transaction contemplated by the Agreement, the recovery to the Debtors' creditors would likely be substantially diminished. As such, the Break-Up Fee should be approved.

B. Approval of the Bidding Procedures is Warranted

15. The Bidding Procedures to be used in conjunction with the Overbid/Sale Hearing will benefit the Debtors and their estates and creditors. As a preliminary matter, it is necessary to have bidding procedures to ensure the fairness and consistency of the auction. The Debtors believe that the terms of the Bidding Procedures are fair and reasonable and will enhance rather than chill the bidding process. The Bidding Procedures are also necessary to enable the Debtors to make an informed, reasoned decision as to which of the competing offers is the highest and best offer. Therefore, the Debtors submit that the Bidding Procedures maximize the value to be received by the Debtors from the sale of the Inventory.

C. Approval of the Inventory Sales is Warranted

16. Section 363(b)(1) of the Bankruptcy Code provides as follows:

(b)(1) The trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.

11 U.S.C. § 363(b)(1). See In re Ames Dept. Stores, Inc., 136 B.R. 357, 359 (Bankr. S.D.N.Y. 1992) (noting that liquidation sales are governed by section 363(b)).

17. To obtain court approval to use property under section 363(b) of the Bankruptcy Code for the purpose of a liquidation sale, the debtor need only show a legitimate business justification for the proposed action. See, e.g., Myers v. Martin (In re Martin), 91 F.3d 389, 395 (3d Cir. 1996) (citing Fulton State Bank v. Schipper (In re Schipper), 933 F.2d 513, 515 (7th Cir. 1991)). "Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct." Committee of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). When a valid business justification exists, the law vests the debtor's decision to use property out of the ordinary course of business with a strong presumption "'that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.'" Integrated Resources, 147 B.R. at 656 (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)). Accordingly, parties challenging a debtor's decision must make a showing of "bad faith,

self-interest or gross negligence." Integrated Resources, 147 B.R. at 656 (citations omitted).

18. Liquidation sales are an important part of "overriding federal policy requiring Debtor to maximize estate assets". In re Ames Dept. Stores, Inc., 136 B.R. at 359. Indeed, bankruptcy courts in this and other districts have approved numerous and substantial liquidation sales involving debtors who sell retail goods. See, e.g., In re The Wiz, Inc., No. 97 B 48257 (CB) (Bankr. S.D.N.Y. December 18, 1997); In re London Fog, Inc., No. 99-3446 (PJW) (Bankr. D. Del. October 7, 1999); In re Starter Corp., No. 99-906 (PJW) (Bankr. D. Del. July 2, 1999).

19. In this case, the Debtors have ample business justification for their decision to dispose of the Inventory. The Inventory is aging and, in some cases, antiquated. As a result, the value of such Inventory is declining. In light of the Debtors' plans to terminate or scale down retail operations at sites where the Inventory is located, the Debtors need to expeditiously dispose of the Inventory. In addition, because of the decline in the Inventory's value, the Debtors have determined that the sale of such Inventory by the Debtors at their sites is not likely to generate sufficient proceeds. Moreover, the costs associated with transferring the Inventory to the Debtors' other locations cannot be justified. Accordingly, the Debtors believe that the sale of the Inventory to SBCG is in the best interests of the Debtors and their estates and creditors.

D. Sales of Inventory Free and Clear
of Liens is Warranted

20. Section 363(f) of the Bankruptcy Code provides as follows:

(f) The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if —

(1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;

(2) such entity consents;

(3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;

(4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

21. The Debtors anticipate that they will be able to satisfy one or more of the foregoing requirements. In connection with the sale of the Inventory pursuant to the Agreement, the Debtors propose that any Encumbrances asserted against the Inventory attach to the proceeds of the sale of the Inventory, subject to the rights, claims, defenses, and objections, if any, of all interested parties with respect thereto. The Chase Manhattan Bank, a prepetition and postpetition secured lender to the Debtors, has consented to the sale of the Inventory pursuant to the Agreement.

E. Exemption of Sales from Stamp or
Similar Taxes

22. Section 1146 of the Bankruptcy Code provides, in relevant part, as follows:

(c) The issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under a plan confirmed under section 1129 of this title, may not be taxed under any law imposing a stamp tax or similar tax.

11 U.S.C. § 1146(c).

23. Pursuant to section 1146(c) of the Bankruptcy Code, a stamp tax or similar tax may not be imposed in connection with the transfer of property under a plan confirmed pursuant to section 1129. The Second Circuit has broadly construed this provision to include sales and transfers that occur outside of a chapter 11 plan of reorganization and before or after confirmation of that chapter 11 plan, particularly in circumstances in which the sale and transfer was reasonably necessary to the ultimate consummation of a plan. See In re Jacoby-Bender, Inc., 758 F.2d 840, 842 (2d Cir. 1985); In re 995 Fifth Avenue Assocs., L.L.P., 116 B.R. 384 (Bankr. S.D.N.Y. 1990), aff'd, 127 B.R. 533 (S.D.N.Y. 1991), rev'd in part on other grounds, 963 F.2d 503 (2d Cir. 1992).

24. The Debtors submit that in light of the circumstances present here, the sale of the Inventory is necessary to the Debtors' reorganization efforts and will be integral to any chapter 11 plan(s) proposed by the Debtors in these cases. Accordingly, the transactions contemplated hereunder are reasonably necessary to the consummation of a

chapter 11 plan and, therefore, fall within the exemption from transfer taxes under section 1146(c) of the Bankruptcy Code.

25. Accordingly, the Court has the authority to grant the relief requested.

BEST INTERESTS OF THE ESTATES

26. The sale of the Inventory is in the best interests of the Debtors' estates and is integral to the Debtors' successful reorganization. The Inventory sales will result in an immediate infusion of liquidity into the Debtors' estates, enabling the Debtors to fund improvements at certain sites and meet ongoing obligations. The Inventory sales pursuant to the Agreement will also permit the Debtors to avoid the substantial costs of storing the Inventory or conducting a liquidation of the Inventory on their own. Accordingly, the entry of an order by this Court granting the relief requested in this Motion is in the best interests of the Debtors, their estates and their creditors.

NOTICE

27. The Debtors have provided notice of this Motion to (i) the Office of the United States Trustee, (ii) Berlack, Israels & Liberman, LLP, counsel to the Official Committee of Unsecured Creditors, (iii) Morgan, Lewis & Bockius, LLP, counsel for The Chase Manhattan Bank, as Agent for certain of the Debtors' prepetition lenders and postpetition lenders, (iv) any party who expressed to the Debtors an interest in the Inventory, (v) any party with a lien on the Inventory, (vi) all applicable state and local taxing authorities and (vii) all other parties who have filed a notice of appearance and/or requested notice in

these chapter 11 cases. The Debtors believe that such notice is appropriate under the circumstances of this Motion and that any additional notice would not warrant the expense. Accordingly, the Debtors respectfully request that any and all other and further notice be dispensed with and waived.

NO PREVIOUS REQUEST

28. No previous request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request the Court to enter orders, substantially in the form attached hereto as Exhibits C and D, authorizing and approving (A) the sale of the Inventory pursuant to the Agreement free and clear of Encumbrances and exempt from any Taxes, (B) the Break-Up Fee, (C) the Bidding Procedures and (D) the form and manner of notice,

and granting such other and further relief as may be just and proper.

Dated: New York, New York
December 20, 2000

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